GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

UNSTARRED QUESTION NO:5705
ANSWERED ON:25.04.2001
FINANCIAL DIFFICULTIES
HANNAN MOLLAH

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether the Government are aware that Small Scale Industries facing serious financial difficulties due to delayed payments to them by large scale industrial houses;

(b) if so, the details thereof; and

(c) the steps Government proposes to take to safeguard the interests of the SSI units?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGF RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

(a) & (b): Yes, Sir. Government have been receiving information/representations from Associations of Small Scale Industries (SSIs), as well as individual SSI entrepreneurs regarding the financial difficulties faced by SSIs on account of delayed payments due to them from the large scale units.

(c): The Interest on delayed Payments to Small Scale and Ancillary Industrial Undertakings Act was enacted in 1993, and amended in 1998, which provides penal rate of interest at 150% of the Prime Lending Rate on delayed payments exceeding 120 days. Under the Act, State/UTs are required to set up Industrial Facilitation Councils (IFCs) to provide a speedy and simple redressal and recovery process. So far, 22 States/UTs have set up IFCs. Other States have been requested to expedite the process. Further, Section 8 of this Act stipulates that where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall specify the amount together with the interest in his annual statement of accounts as remains unpaid to any supplier at the end of each accounting year. A supplier is defined to be an ancillary industrial undertaking or small scale industrial undertaking holding a permanent registration certificate.